Labour Market

NOTES ■ March 2013

Alberta continues to add jobs in February

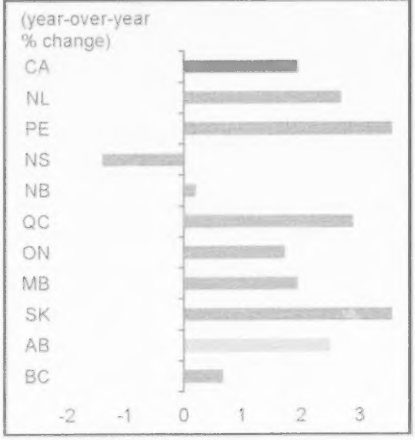
Alberta

- Employment builds on January's gain. Alberta gained 4,200 jobs in February, following January's strong increase of 9,700. February's increase was entirely due to a large gain in self-employed jobs (20,600) and full-time positions (11,700). Alberta has gained 52,900 jobs since February 2012, representing a 2.5% increase.
- Unemployment rate unchanged. The employment gain was accompanied by 5,700 new entrants to Alberta's labour market. As a result, the unemployment rate remained at 4.5% in February. This is the second lowest rate in the country, behind only Saskatchewan (3.8%), and well below the national average of 7.0%.
- Service sector leads February's gain. The job gains were concentrated in the service sector (12,900), while the goods-producing sector lost jobs (-8,600). Within the service sector, professional, scientific, and technical services (7,800) and finance, insurance, real estate and leasing (6,100) posted the largest increases. In the goods sector, the manufacturing (-3,800) and forestry, fishing, mining, oil and gas (-2,700) industries posted the largest losses.
- Weekly earnings up in December. Average weekly earnings increased to $1,094 in December, up 4.2% year-over-year.

Canada

- Canadian employment bounces back in February. Canada created 50,700 positions in February, more than reversing the 21,900 job losses recorded in January. Ontario (35,300) and British Columbia (19,800) accounted for the majority of the monthly gain while only three provinces posted job losses. Canada has added 336,200 jobs (1.9%) since February 2012 most of which are full-time positions.
- Unemployment rate holds steady. The Canadian unemployment rate remained at 7.0%, its lowest rate since December 2008, as a large number of people entered the labour force.
- Weekly earnings increase. Canadian average weekly earnings registered $908 in December, marking a 2.8% gain over December 2011.

Employment Growth by Province, February 2012 vs. February 2011



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	February or Latest*
Employment	2,179,200
month-over-month change	4,200
year-over-year % change	2.5%
Alberta Unemployment Rate (UR)	4.5%
Edmonton UR**	4.3%
Calgary UR**	5.0%
Participation Rate	77.9%
Average Weekly Earnings (AWE)	$1,093.58
year-over-year % change	4.2%
Average Hourly Wage	$27.55
year-over-year % change	5.2%
Job Vacancy Rate**	2.8%

Source: Statistics Canada

* All data is from the Labour Force Survey for February except AWE, which is from the December Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate which is from the November SEPH.

** This indicator is calculated as a three-month moving average.

For definitions of the data indicators discussed in this publication, please see the second page of August's Labour Market Notes

How does Alberta's unemployment rate compare to US states?

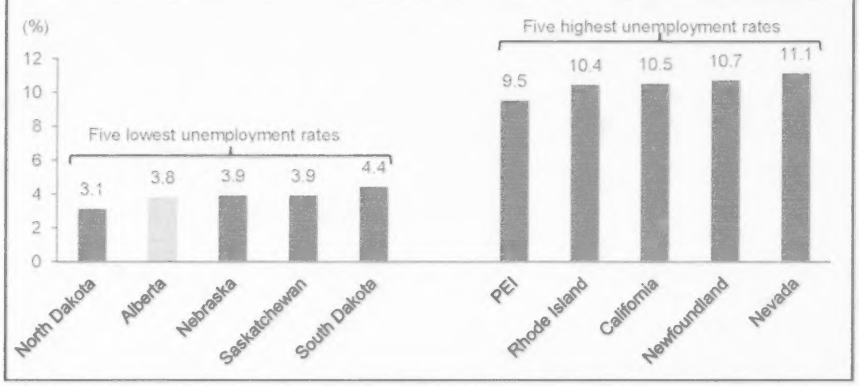
Alberta has one of the strongest labour markets in Canada, with the lowest unemployment rate among the provinces in 2012. But how strong is Alberta's labour market compared to the fifty US states? A relatively new data set helps answer this question by providing meaningful comparison of unemployment rates. The data shows that Alberta had the second lowest unemployment rate of all provinces and US states last year.

A comparable measure of unemployment

The reported unemployment rates of Canada and US are not comparable. The US definition of unemployment is narrower, meaning that fewer people are considered unemployed under the US definition than the Canadian one. For example, the US definition excludes 15 year olds, passive job searchers and full-time students searching for work, whereas the Canadian definition does not. Statistics Canada has recently started to report a US-equivalent unemployment rate, called the R3 unemployment rate, which allows for comparisons between the two countries.

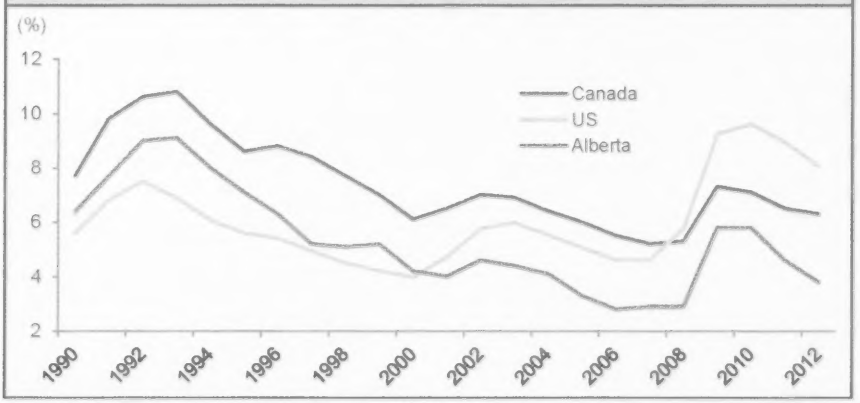
The R3 rate is significantly lower than Canada's official unemployment rate. In 2012, Canada's official unemployment rate was 7.2%, well above the R3 rate of 6.3%. Similarly, Alberta's 2012 official unemployment rate drops from an official rate of 4.6% to the R3 rate of 3.8%.

Chart 1: Province and State Unemployment Rates (R3 used for provinces)



Source: Statistics Canada and U.S. Bureau of Labor Statistics

Chart 2: Unemployment Rates (R3 used for Canada & Alberta)



Source: Statistics Canada and U.S. Bureau of Labor Statistics

Alberta records the second lowest unemployment rate

Alberta's R3 rate last year was the second lowest when compared to all provinces and states. Only North Dakota (3.1%) registered a lower unemployment rate, propelled by the tight oil boom. Saskatchewan shares the third lowest unemployment rate with Nebraska at 3.9%, followed by South Dakota (4.4%). The jurisdictions with the 10 lowest unemployment rates tend to be resource based economies.

The jurisdictions with the highest R3 unemployment rates were: Nevada, Newfoundland and Labrador, California, Rhode Island, and Prince Edward Island (Chart 1).

Alberta's R3 unemployment rate has been below the US average since 2001 (Chart 2).

Canada's labour market outperforms the US post-recession

In 2012, Canada's R3 unemployment rate was nearly two percentage points below the US rate of 8.1%. In fact, Canada's R3 rate has remained below the US unemployment rate since the recession (Chart 2), reversing a long-term trend. Canada's labour market recovered by replacing all the jobs lost during the recession by January 2011, whereas the US labour market remains over 3 million jobs shy of the pre-recession employment peak.

Conclusion

The definition of unemployment matters a great deal when measuring unemployment rates. Using comparable unemployment rates, based on the same definition, confirms that Alberta had one of the strongest labour markets in the US and Canada last year. It also shows that Canada's labour market has outperformed the US since the recession.

Contact:
Alexander Gainer 780.638.3238